§ 560.413 Letter of credit payments by Iranian banks in the United States.

(a) For purposes of the exemption in §560.210(e), payment of letters of credit and other financing agreements according to their terms includes, in the case of payments made by an Iranian bank's branch or agency located in the United States, payments that such branch or agency is:

(1) Legally obligated to make pursuant to the terms of letters of credit and other financing agreements relating to pre–May 7, 1995 trade contracts; or

(2) Licensed to make by the Office of Foreign Assets Control with respect to pre–May 7, 1995 trade contracts.

(b) Payments that are not binding legal obligations of an Iranian bank's branch or agency pursuant to the terms of the letter of credit or other financing agreement are not covered by this exemption.

§ 560.414 Exports to third countries; reexports.

(a) The prohibitions contained in §560.205 do not apply to the reexportation to Iran by a person who is not a United States person of any item described in that section which was exported from the United States prior to 12:01 a.m. EDT, May 7, 1995, and was not the property of a United States person as of 12:01 a.m. EDT, May 7, 1995, if the reexportation to Iran of such item was not subject to export license application requirements under any United States regulations in effect immediately prior to May 6, 1995.

(b) United States persons are prohibited as of 12:01 a.m. EDT, May 7, 1995, from reexporting any item subject to the prohibitions contained in §560.205 regardless of when the item was exported from the United States. United States persons are prohibited from approving or facilitating any reexport by an entity owned or controlled by a United States person of any item subject to the prohibitions of §560.205 of this part regardless of when the item was exported from the United States.

(c) Effective 12:01 a.m. EDT May 7, 1995, the exportation from the United States to any destination of any item that was subject to export license application requirements under any United States regulations in effect imme-

diately prior to May 6, 1995, is subject to the condition that the reexportation to Iran requires a specific license, except as otherwise authorized by this part.

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

§ 560.501 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control, authorizes or validates any transaction effected prior to the issuance of the license, unless specifically provided in such license or other authorization.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part authorizes any transactions prohibited by any provision of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction or license authorizing any transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions contained in this part from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 560.502 Exclusion from licenses and authorizations.

The Director of the Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license, or from the privileges therein conferred, or to restrict the applicability thereof with respect to particular